

**N00A01**  
**Administration**  
**Department of Human Services**

## ***Executive Summary***

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The Department of Human Services (DHS) Administration provides direction, coordination, financial services, information technology management, and overall operational support for all DHS programs and activities.

## ***Operating Budget Data***

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(\$ in Thousands)

	<b><u>FY 18</u></b> <b><u>Actual</u></b>	<b><u>FY 19</u></b> <b><u>Working</u></b>	<b><u>FY 20</u></b> <b><u>Allowance</u></b>	<b><u>FY 19-20</u></b> <b><u>Change</u></b>	<b><u>% Change</u></b> <b><u>Prior Year</u></b>
General Fund	\$91,016	\$90,969	\$90,346	-\$623	-0.7%
Adjustments	0	297	1,153	855	
<b>Adjusted General Fund</b>	<b>\$91,016</b>	<b>\$91,267</b>	<b>\$91,499</b>	<b>\$232</b>	<b>0.3%</b>
Special Fund	3,623	3,919	3,798	-120	-3.1%
Adjustments	0	6	19	13	
<b>Adjusted Special Fund</b>	<b>\$3,623</b>	<b>\$3,924</b>	<b>\$3,817</b>	<b>-\$107</b>	<b>-2.7%</b>
Federal Fund	121,473	132,195	137,943	5,748	4.3%
Adjustments	0	204	801	597	
<b>Adjusted Federal Fund</b>	<b>\$121,473</b>	<b>\$132,399</b>	<b>\$138,744</b>	<b>\$6,345</b>	<b>4.8%</b>
Reimbursable Fund	7,690	0	0	0	
Adjustments	0	0	0	0	
<b>Adjusted Reimbursable Fund</b>	<b>\$7,690</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Adjusted Grand Total</b>	<b>\$223,802</b>	<b>\$227,590</b>	<b>\$234,061</b>	<b>\$6,470</b>	<b>2.8%</b>

Note: The fiscal 2019 appropriation includes deficiencies, a one-time \$500 bonus, and general salary increases. The fiscal 2020 allowance includes general salary increases.

Note: Numbers may not sum to total due to rounding.

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***Analysis of the FY 2020 Maryland Executive Budget, 2019***

- The fiscal 2020 adjusted allowance increases by \$6.47 million, primarily due to costs associated with the Maryland Total Human Services Information NetworK (MD THINK) major information technology (IT) project.

## ***Personnel Data***

	<b><u>FY 18 Actual</u></b>	<b><u>FY 19 Working</u></b>	<b><u>FY 20 Allowance</u></b>	<b><u>FY 19-20 Change</u></b>
Regular Positions	817.73	799.23	802.23	3.00
Contractual FTEs	<u>35.88</u>	<u>3.33</u>	<u>3.33</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>853.61</b>	<b>802.56</b>	<b>805.56</b>	<b>3.00</b>

### ***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	56.96	7.19%
Positions and Percentage Vacant as of 12/31/18	83.60	10.46%

- The fiscal 2020 allowance includes a net increase of 3.0 regular positions after accounting for transfers in and out of DHS Administration programs.
- As of December 31, 2018, DHS Administration has a vacancy rate of 10.46%, or 83.6 positions. The department has 26.64 more vacancies than needed to meet the turnover expectancy of 7.19%.

## ***Key Observations***

- ***MD THINK Development Underway:*** The first human services IT system, the Long Term Care system, has now launched statewide on the MD THINK platform. Overall projected costs have also increased substantially, and spending is expected to ramp up in fiscal 2020 as a replacement system for child welfare, juvenile services, and adult services systems is developed and launched.
- ***Delayed Procurement Processes Impact Agency Activities:*** DHS showed a significant decline in the percentage of contracts processed by the agency's Procurement Division within 60 days in fiscal 2018. This has likely impacted agency activities, as seen in the process for implementing the automated financial system major IT project.

## **Operating Budget Recommended Actions**

1. Add budget bill language restricting general funds in the Maryland Legal Services Program to that purpose.
2. Adopt committee narrative to request quarterly reports on the Maryland Total Human-services Information NetworkK major information technology project.

**N00A01**  
**Administration**  
**Department of Human Services**

## ***Operating Budget Analysis***

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### **Program Description**

The Department of Human Services (DHS) administers programs through a State-supervised and locally administered system. DHS Administration provides direction through four major units:

- Office of the Secretary;
- Operations Office;
- Office of Technology for Human Services (OTHS); and
- local general administration.

The key goal of DHS Administration is to be recognized as a national leader among human services agencies.

### **Office of the Secretary**

The Office of the Secretary provides overall direction and coordination for all DHS programs and activities. The Office of the Secretary includes the offices of the Attorney General; the chief of staff and the deputy secretaries; communications; the employment and program equity; the inspector general; planning and performance; and government, corporate, and community affairs. Other programs contained within the Office of the Secretary are:

- the Citizen's Review Board for Children (CRBC);
- the Maryland Commission for Women; and
- the Maryland Legal Services Program.

### **Operations Office**

The Operations Office consists of two divisions. The Division of Budget, Finance, and Personnel supports the programs of other units in the department through the management and control of fiscal and personnel systems. The Division of Administrative Services provides key administrative services, including fleet management, records management, and risk management to DHS, as well as disaster relief and emergency response throughout the State.

## **OTHS**

OTHS is responsible for the overall management and direction of DHS information systems. This includes responsibility for computer applications and systems, computer and communication equipment, computer peripheral equipment, ancillary facility and support equipment, and consumables and supplies. OTHS is responsible for the development and administration of DHS information technology (IT) systems including:

- the Child Support Enforcement System;
- the Client Automated Resource and Eligibility System (CARES);
- the Maryland Children’s Electronic Social Services Information Exchange (CHESSIE);
- the Maryland Total Human Services Information Network (MD THINK);
- the Office of Home Energy Programs data system; and
- WORKS, the computer system for the Work Opportunities Program.

## **Local General Administration**

Local departments of social services (LDSS) are situated in each county and Baltimore City. The administrative budgets of each LDSS are combined into the Local General Administrative (LGA) unit for the purposes of the State budget. The LGA unit provides essential support services and staff to operate the 24 LDSS, including the management of staff, finance, statistical reporting, general services, central records, fleet operations, buildings and grounds, equipment, supplies, procurement, and inventory.

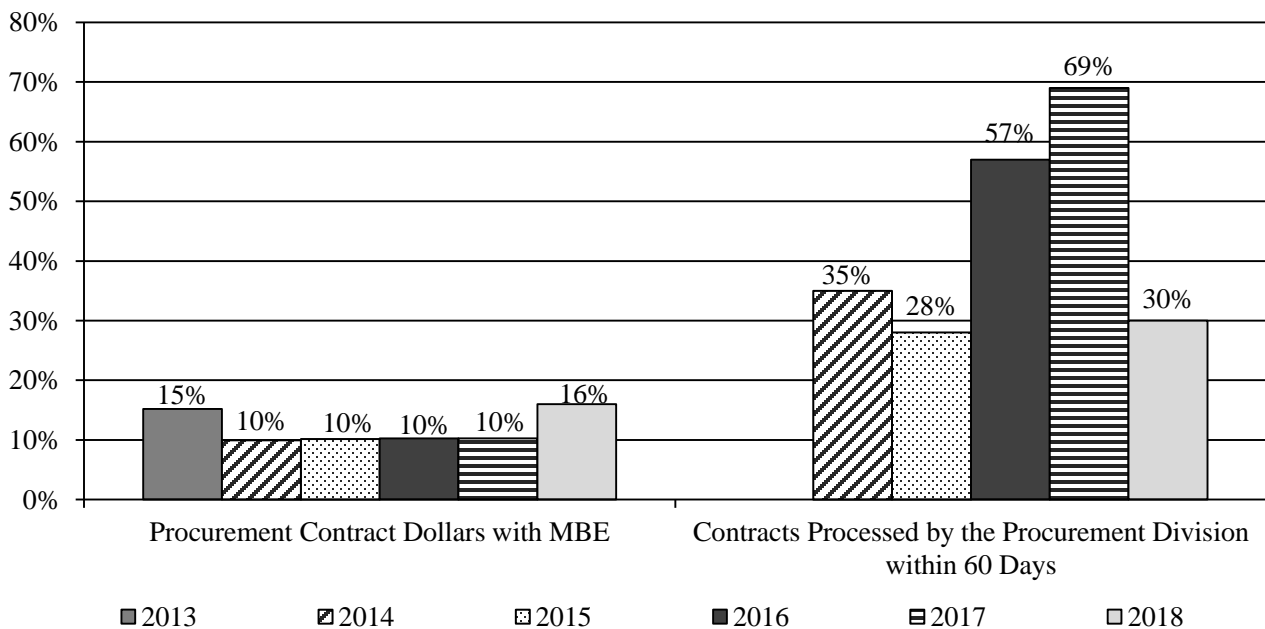
## **Performance Analysis: Managing for Results**

### **1. DHS Continues to Struggle with Procurement Goals**

The DHS Managing for Results goal for the Office of the Secretary is to comply with statewide requirements for agency performance. One of the measures is the percentage of procurement dollars with Minority Business Enterprises (MBE). Chapter 154 of 2012 eliminated the statewide 25% MBE goal, instead requiring the Special Secretary of Minority Affairs, in consultation with the Office of the Attorney General and the Secretary of Transportation, to establish a percentage goal on a biennial basis. For any year that a percentage goal is not established, the previous year’s goal applies. DHS increased the goal to 29% in fiscal 2014, and it has remained at that level since then.

As shown in **Exhibit 1**, DHS failed to meet either the new 29% goal or the old 25% MBE goal in all recent years. However, MBE participation improved from approximately 10% between 2014 and 2017 to 16% in 2018. The percentage of procurement dollars with MBE decreased sharply in 2014 when Chapter 605 of 2013 changed the definition of MBE to exclude nonprofit organizations. DHS reports that many of its partners are nonprofit organizations, and this has created an obstacle to meeting the MBE goal. In 2018 legislative session budget testimony, DHS reported that initiatives for improving MBE participation include internal reorganization, outreach, set aside Small Business Reserve (SBR) procurements, and internal goals. The department aimed to attain incremental increases between 2% and 5%, which it achieved in 2018 partially due to the increase in demand for technology services for the MD THINK project. After reviewing MBE reports more thoroughly, DHS also identified multiple high-dollar legal service contracts that were incorrectly coded as non-MBE.

**Exhibit 1**  
**Procurement – Various Data**  
**Calendar 2013-2018**



MBE: Minority Business Enterprises

Source: Department of Human Services

DHS also set a goal that 50% of contracts will be processed by the procurement division within 60 days, which is a key step in making timely contract awards. After meeting this goal in 2016 and 2017, performance declined sharply in 2018, falling to 2015 levels when the procurement division processed approximately 30% of contracts within 60 days. DHS attributed the fiscal 2016 and 2017 improvements to a new procurement coordination unit that worked directly with all administrations. In

2018, the procurement coordination function was moved under the Procurement Division, and the unit was reduced by 2 positions. DHS also assigned more tasks to the unit, specifically being the liaison for the veterans' small business enterprise and SBR programs. **DHS should explain how the procurement coordination function has changed since reducing the positions and how the agency plans to improve procurement processing times.**

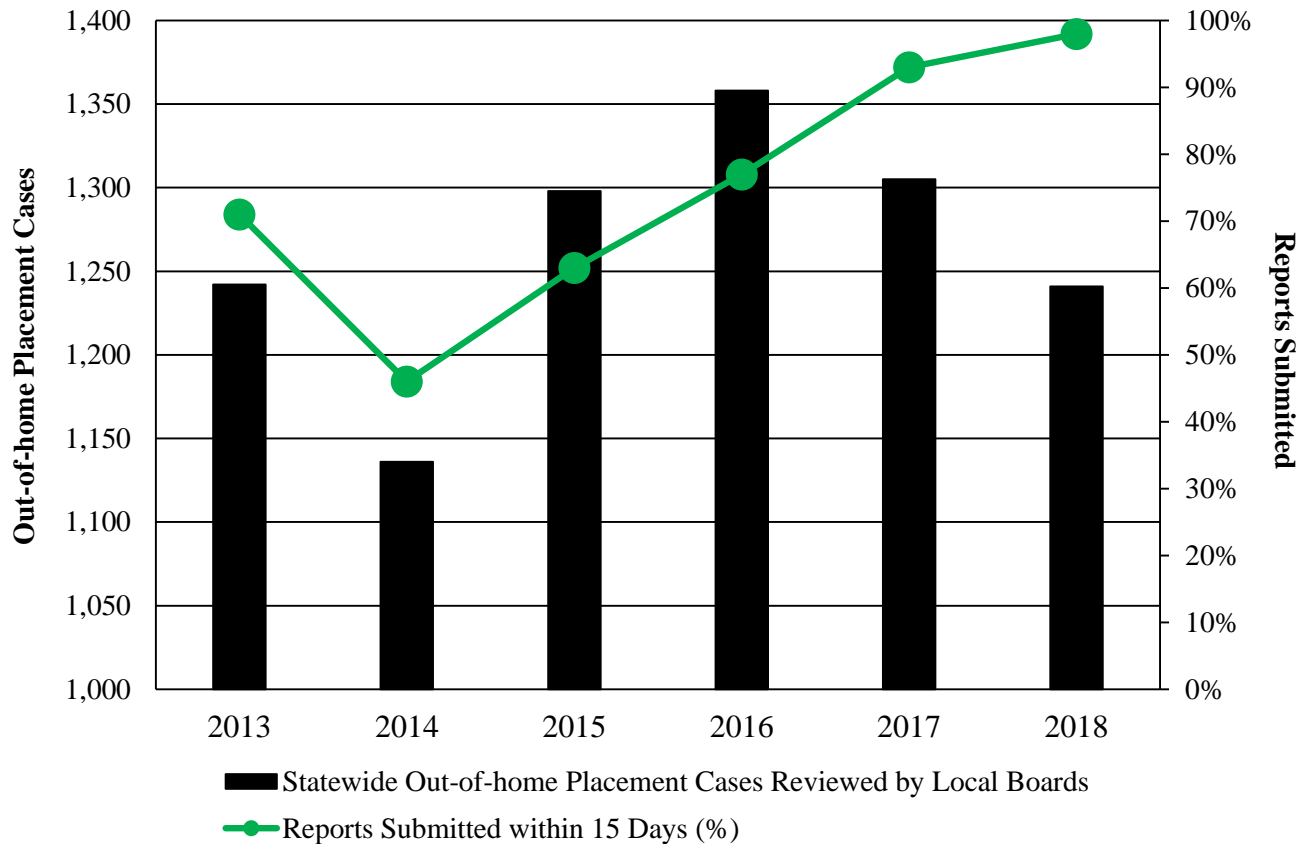
## **2. Number of Out-of-home Placement Cases Reviewed by CRBCs Declines as Vacancy Rates Remain High**

The State CRBC trains local volunteer boards to aid in child protection efforts by reviewing out-of-home placements. **Exhibit 2** presents measures on the number of reviews completed and the timeliness of reviews from fiscal 2013 to 2018. For the second consecutive year, the total number of out-of-home placement cases reviews decreased. In fiscal 2018, local boards reviewed 64 fewer cases, or 4.9%, than in fiscal 2017. DHS reports that some of the reasons for a decline in cases include cases closing prior to the review, participants' not attending, and inclement weather.

Fiscal 2017 cases partially decreased due to some local CRBCs combining in January 2017, resulting in six fewer boards. The State CRBC also reduced the number of members required on boards in areas with critical need for members from 7 to 5, with 2 alternates. Currently, eight boards have critical need, meaning they have fewer than 3 board members. To fill all local review boards, CRBC should have a minimum of 225 volunteers and a maximum of 245 volunteers. There are currently 141 Governor-appointed volunteer members, 8 pending appointments, and 79 vacancies. DHS reports that current vacancies have not impacted the boards' ability to conduct reviews because there is member representation in all jurisdictions. The department also indicates that many local board members have volunteered for 20 or more years, so it is necessary to fill the vacancies to ensure that CRBC continues to review cases. **DHS should discuss how it will fill local board vacancies, especially in critical need areas.**

The local boards have a goal to submit 80% of reports on case reviews within 15 days of the review to LDSS. In fiscal 2016, the DHS goal was to submit 75% of reports within 15 days of review, and local boards surpassed this at 77%. DHS increased the goal to 80%, and the boards surpassed this with 93% and 98% of reviews submitted within 15 days in fiscal 2017 and 2018, respectively.

**Exhibit 2**  
**Local Citizen’s Review Board for Children Out-of-home Placement Reviews**  
**Fiscal 2013-2018**

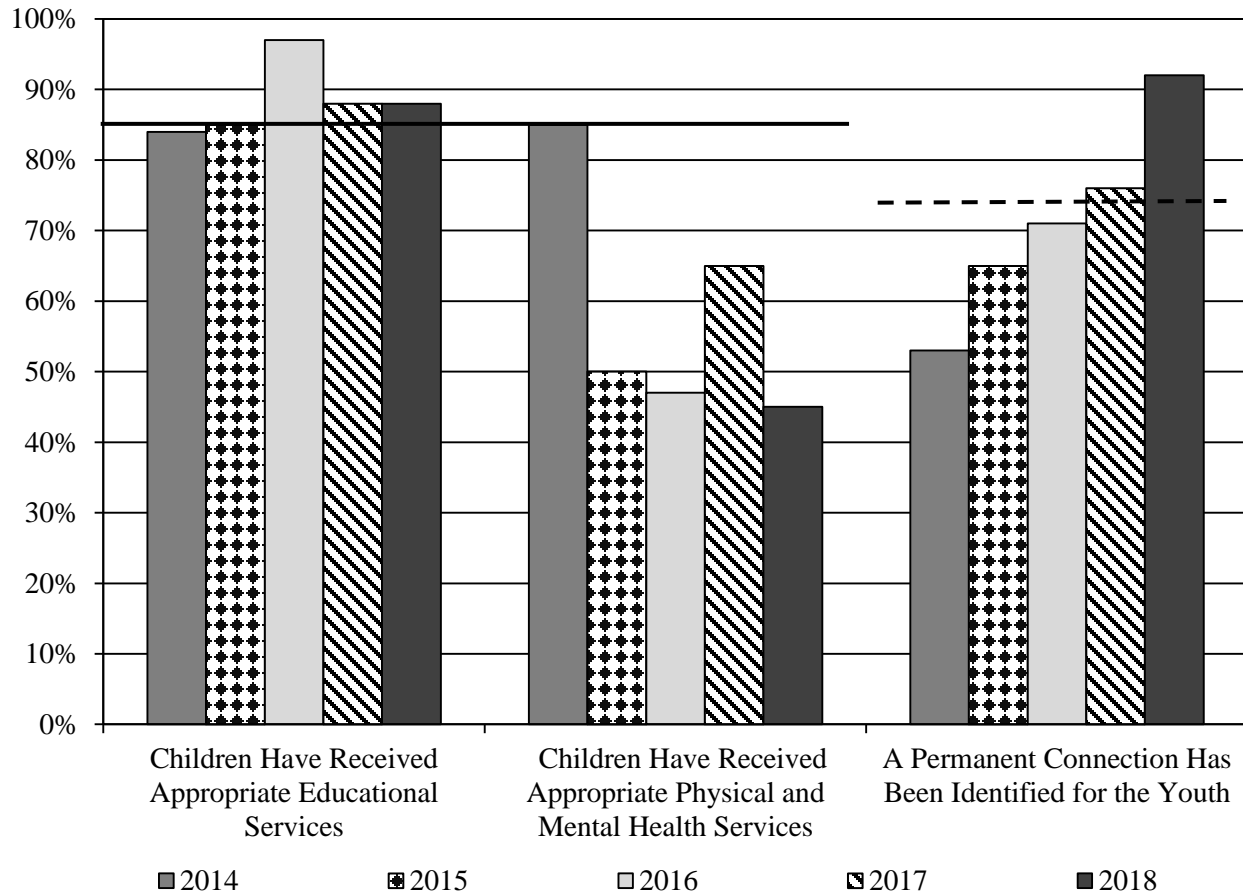


Source: Department of Human Services

### 3. DHS Fails to Meet Goal in One of Three Areas of Services Provided to Children in Out-of-home Placement Reviews

**Exhibit 3** contains information on three outcome measures as determined by the State CRBC. While these outcome measures are not directly impacted by the activities of CRBC, the measures provide a means of evaluating LDSS child welfare activities. In fiscal 2018, based on cases reviewed by local boards, the percentage of children receiving appropriate educational services remained the same as in fiscal 2017 with 88% meeting the performance goal of 85%.

**Exhibit 3**  
**Citizen’s Review Board for Children Outcomes of Reviews**  
**Fiscal 2014-2018**



Note: Solid line denotes the 85% goal for reviews in which children received appropriate educational services and appropriate physical and mental health services. Dashed line denotes the 75% goal for reviews in which a permanent connection has been identified for the youth.

Source: Department of Human Services

From fiscal 2017 to 2018, the percentage of reviews in which children received appropriate physical and mental health services declined substantially from 65% to 45%, significantly below the 85% goal. DHS has failed to meet this goal by over 20 percentage points in the past four fiscal years. It is unclear why the factors that improved performance by 18 percentage points from fiscal 2016 to 2017 did not allow for continued improvement in fiscal 2018. **DHS should explain why the number of reviews in which children received appropriate physical and mental health services declined in fiscal 2018 and how they will ensure that children in out-of-home placements receive health services in the future.**

Based on cases reviewed by local CRBCs, the percentage of another planned permanent living arrangement cases in which a permanent connection had been identified for youth continued to meet the 70% performance goal. In fiscal 2018, 92% of these cases had a permanent connection identified.

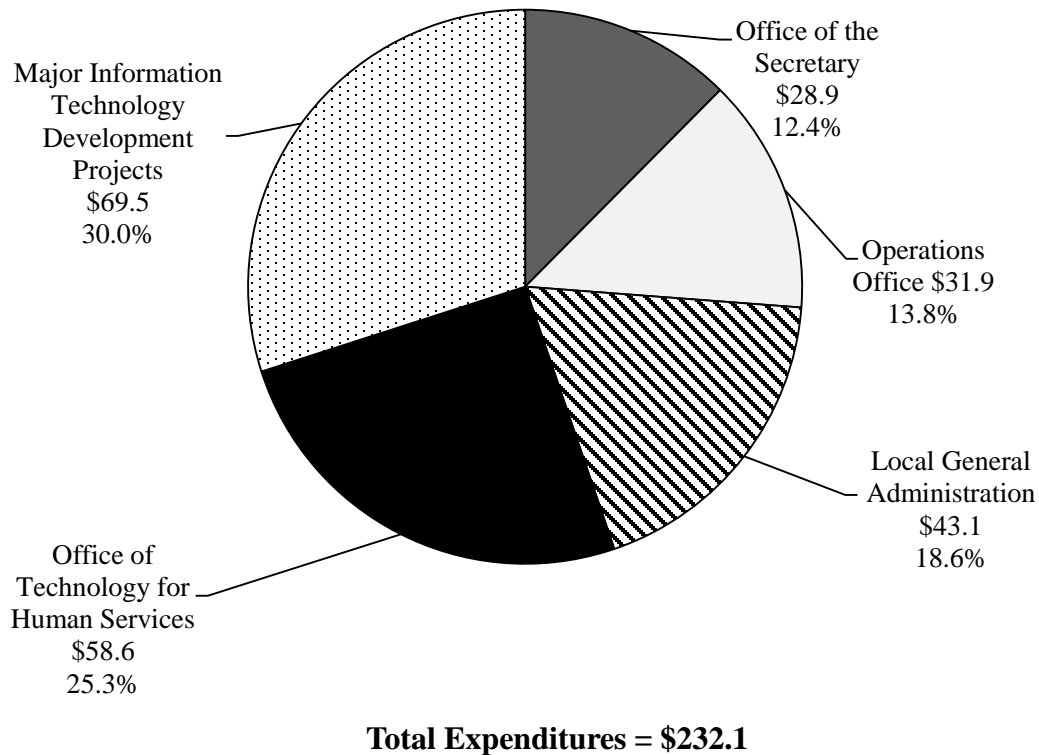
In 2018 session budget testimony, DHS described the creation of a Well Being Unit and workgroups, comprised of stakeholders, advocates, State agencies, and community partners, as approaches to achieving these well-being goals for youth in out-of-home placements. In addition, DHS discussed some reporting issues with the CHESIE system that contribute to lower performance in these goals. **The Secretary should provide an update on these approaches and explain why the educational services and permanent connection goals have not been raised.**

## **Fiscal 2020 Allowance**

### **Overview of Agency Spending**

The fiscal 2020 allowance for DHS Administration totals \$232.1 million before statewide salary adjustments across all programs. A majority of funds (55.3%) are allocated for IT-related expenses for current systems under the Office for Technology for Human Services and for new Major IT Development Projects, as shown in **Exhibit 4**. Costs related to MD THINK account for \$67.4 million in federal funds, or 96.9% of Major IT Development Projects and 29% of the fiscal 2020 allowance. Other ongoing Major IT Development Projects include the Automated Financial System (AFS) and the Statewide Voice Over Internet Protocol Migration.

**Exhibit 4**  
**Department of Human Services Administration**  
**Fiscal 2020 Allowance**  
**(\$ in Millions)**



Note: Expenditures do not include statewide salary adjustments.

Source: Governor's Fiscal 2020 Budget Books

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**Proposed Budget Change**

As shown in **Exhibit 5**, the fiscal 2020 adjusted allowance increases by approximately \$6.47 million, or 2.8%, compared to the fiscal 2019 working appropriation. This change is mainly driven by increases of \$5.26 million related to MD THINK and \$1.47 million in net impact for fiscal 2019 and 2020 employee compensation.

**Exhibit 5**  
**Proposed Budget**  
**DHS – Administration**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
Fiscal 2018 Actual	\$91,016	\$3,623	\$121,473	\$7,690	\$223,802
Fiscal 2019 Working Appropriation	91,267	3,924	132,399	0	227,590
Fiscal 2020 Allowance	<u>91,499</u>	<u>3,817</u>	<u>138,744</u>	<u>0</u>	<u>234,061</u>
Fiscal 2019-2020 Amount Change	\$232	-\$107	\$6,345	\$0	\$6,470
Fiscal 2019-2020 Percent Change	0.3%	-2.7%	4.8%		2.8%

**Where It Goes:**

**Personnel Expenses**

Fiscal 2020 general salary increase and annualization of fiscal 2019 0.5% general salary increase, partially offset by fiscal 2019 spending on one-time bonus .....	\$1,465
Employee and retiree health insurance .....	847
Retirement contributions .....	422
Salary and fringe benefits of 3 additional positions in DHS administration after taking into account position transfers .....	90
Workers' compensation premium assessment .....	-32
Other fringe benefit adjustments .....	-53
Regular earnings largely due to reclassifying vacant positions at base .....	-389

**Information Technology**

MD THINK MITDP .....	5,259
Automated Financial System MITDP .....	-207
Maintenance and operations of legacy information technology systems .....	-2,816

**Cost Allocation**

Across-the-board DoIT services allocation .....	1,064
State Personnel System .....	280
Retirement administrative fee .....	114

**Administrative Expenses**

Telephone costs to align with fiscal 2018 actual expenses .....	227
Electric utilities in LDSS, mainly in Baltimore City .....	104

**Where It Goes:**

Printing costs to align with fiscal 2018 actual expenses .....	58
Other .....	217
<b>Total</b>	<b>\$6,470</b>

DHS: Department of Human Services  
DoIT: Department of Information Technology  
LDSS: Local Departments of Social Services  
MITDP: major information technology development project  
MD THINK: Maryland Total Human-services Information NetworkK

Note: Numbers may not sum to total due to rounding.

## Major IT Development Projects

### Maryland Total Human-services Information NetworkK

DHS is seeking to create a shared human services platform called MD THINK. This major IT project will replace some of DHS’s legacy IT systems and human services systems at the Department of Juvenile Services (DJS), the Maryland Health Benefit Exchange, and the Maryland Department of Health. A key goal is to shift from program-centric systems, also known as silos, to a client-centric platform.

MD THINK uses a cloud-based shared infrastructure, provided by Amazon Web Services, to allow systems to share and store information in a data repository. This allows for a modular approach to systems in which an agency can develop an application that is much more adaptable to changing requirements. MD THINK receives federal funding participation with a federal/general fund split of 90%/10% for development and design of the platform infrastructure from the Centers for Medicare and Medicaid Services (CMS), through an A-87 Cost Allocation Waiver that expired in December 2018. Maintenance and ongoing operations costs receive 75% reimbursement in federal funds. In the most recent quarterly report submitted in response to the 2018 *Joint Chairmen’s Report*, DHS indicates that as of September 30, 2018, the development of the platform using A-87 waiver funds was complete. **DHS should provide an estimate of the general and federal funds spent on the platform as part of the A-87 waiver.**

**Project Development Costs:** According to an updated Advanced Planning Document (APD) submitted to CMS in December 2018, the total estimated cost to design, develop, and implement the shared platform is \$131.4 million. **Exhibit 6** shows the proposed costs, not including additional maintenance and operations costs, broken down by human services IT system.

**Exhibit 6**  
**APD Proposed Budget by IT System**  
**Federal Fiscal 2017-2020**  
**(\$ in Thousands)**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>
Shared Platform	\$8,352	\$50,862	\$33,768	\$38,453	\$131,435
Eligibility and Exchange <sup>(1)</sup>	0	8,213	29,516	25,413	63,142
CJAMS	0	2,212	10,658	10,804	23,674
CSA	0	0	11,365	25,000	36,365
<b>Total</b>	<b>\$8,352</b>	<b>\$61,287</b>	<b>\$85,307</b>	<b>\$99,670</b>	<b>\$254,616</b>

APD: Advanced Planning Document

CJAMS: Child, Juvenile, Adult Management System, replacement for Children Electronic Social Services Information Exchange

CSA: Child Support Administration

IT: information technology

<sup>(1)</sup> Eligibility and Exchange: Programs for non-Modified Adjusted Gross Income Medicaid, cash assistance programs, and Supplemental Nutrition Assistance Program.

Note: Numbers may not sum to total due to rounding.

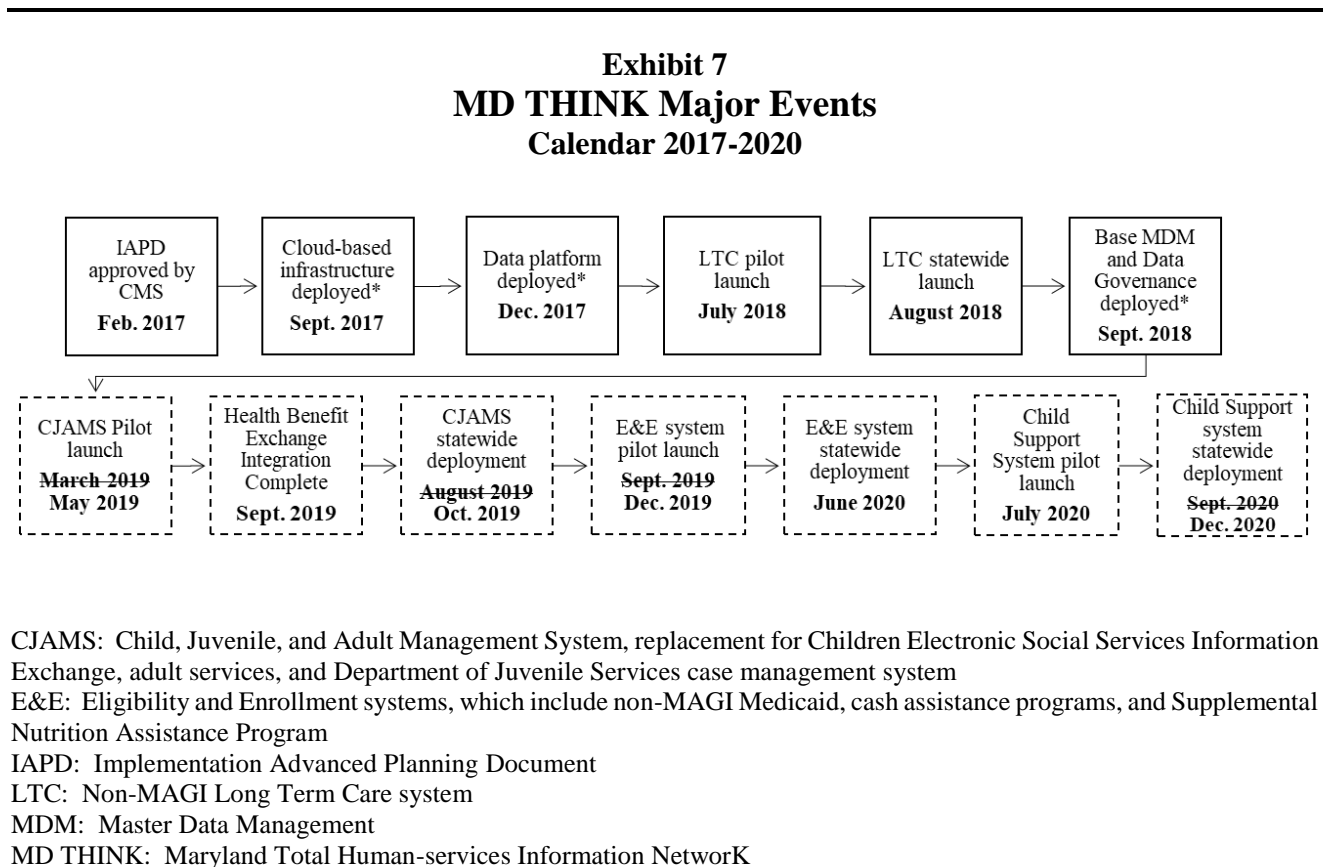
Source: Department of Human Services

In the Governor's Fiscal 2020 Budget Books, the total estimated project development costs are \$311.47 million, not including oversight or independent verification and validation costs. This estimate differs from the most recent APD because it incorporates maintenance and operating costs in fiscal 2021 and 2022. Compared to the estimated project cost listed in the Governor's Fiscal 2019 Budget Books, this is an increase of \$53 million, or 20.5%. DHS indicates that the overall cost estimate increased due to three factors: unanticipated requirements for the new child support IT system; additional expenses to integrate the Health Benefit Exchange system; and leasing costs for a MD THINK development center. While actual spending in fiscal 2018 was \$37 million lower than anticipated and projected fiscal 2019 spending has remained level, projected spending in fiscal 2020 has increased by \$72.6 million, in line with the overall increase in project costs. Fiscal 2020 projected spending also increased substantially compared to prior estimates because the project started later than anticipated after a delayed APD approval process. **DHS should describe how the plans to rebuild the child support IT system have changed since the project started.**

The fiscal 2020 allowance includes \$89.4 million for the project (\$22 million in general funds in the Major Information Technology Development Fund (MITDPF) and \$67.4 million in federal funds in DHS Administration). This is an increase of \$9.1 million (or 11.3%) compared to the fiscal 2019

working appropriation. It should be noted that the fiscal 2020 allowance includes less than the amount that DHS projects to spend in fiscal 2020. The funding for this \$26 million difference is available from general funds appropriated into the MITDPF in prior fiscal years but not needed at that time and additional federal funds.

**Project Timeline and Status Update:** A detailed timeline of completed and planned events can be found in **Exhibit 7**.



Note: Dashed line denotes projected events. Starred item denotes event utilizes funding impacted by the A-87 waiver. Crossed-through dates denote changes to the timeline since the 2018 session. Maintenance, continued support, and data governance updates for completed infrastructure and systems is ongoing through project timeline.

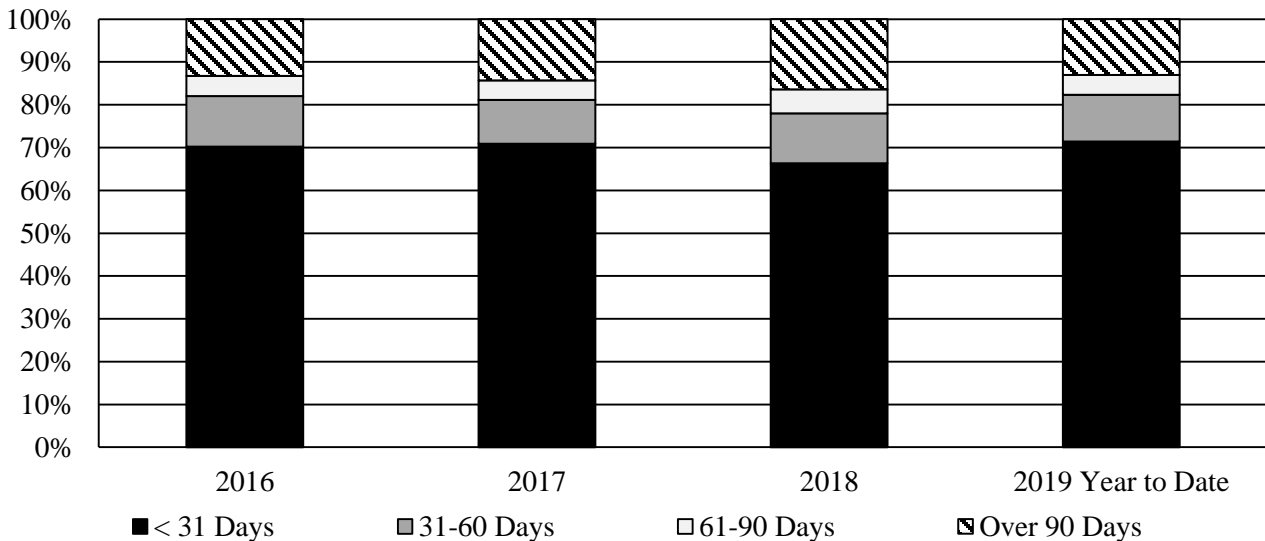
Source: Department of Human Services; Department of Legislative Services

The first human services system scheduled to be replaced and integrated to the MD THINK platform was the Long Term Care (LTC) application. A pilot system launched in Cecil, Frederick, Harford, and Howard counties on July 2, 2018, and the system launched statewide on August 13, 2018. The LTC system includes a new consumer portal for participants and caretakers that can be found at [mymdthink.maryland.gov/home/#/home](http://mymdthink.maryland.gov/home/#/home). At this portal, consumers are able to upload financial and identification documents, complete a LTC application for benefits, and see the status of their application. There is also a worker portal that aids the screening, intake, redetermination, change

reporting, and administrative processes. DHS and MD THINK developers indicate that actual users of the worker portal tested the new system prior to the start of training and had an active role by providing feedback and describing expectations and changes that they hoped to see in the system. **DHS should comment on the initial consumer and worker response to the LTC system and examples of changes they made to the system based on user feedback.**

**Exhibit 8** presents LTC application processing times leading up to the deployment of the new LTC system early in fiscal 2019. According to DHS, approximately 71% of applications are processed within 31 days, with the exception of fiscal 2018 when 66% of applications were completed in this timeframe. Total applications submitted in fiscal 2018 were almost 109,000, significantly higher than the two prior years. The greater volume of applications in that year had a marginal ripple effect with 5.6% of applications taking 61 to 90 days to process versus an average of 4.6% in the other years and 16.4% taking over 90 days to process versus an average of 13.5% in the other years. At this point, there is not enough data to evaluate if the use of MD THINK is having any impact on processing times.

**Exhibit 8**  
**Processing Times for Long Term Care Applications**  
**Fiscal 2016-2019 Year to Date**



Note: Total applications were 82,937 in fiscal 2016, 86,368 in fiscal 2017, 108,798 in fiscal 2018, and 53,614 in fiscal 2019 year to date through November.

Source: Department of Human Services; Department of Legislative Services

Child, Juvenile, and Adult Management System (CJAMS) development has begun and a pilot is scheduled to launch in May 2019. CJAMS will replace CHESSIE and integrate DJS case management system, also known as ASSIST. Like the LTC system process, employees who will be using CJAMS are included in the development process. A core team with DHS officials and

representatives from 22 LDSS work with the MD THINK development team, steering team, federal partners, and Maryland agencies to gather information, make decisions, drive engagement, and accept products related to the human services systems as they are being rebuilt.

**Issues and Risks:** **Exhibit 9** presents further information on the goals, cost, and status of MD THINK. In the fiscal 2019 *IT Project Report*, DHS identifies medium- and low-level risks and does not identify any high-level risks. The following areas could reasonably be considered high-level risks:

- **Funding** is a high-level risk due to the cost and scope of the project. This is estimated to be one of the most costly major IT projects in Maryland’s history. DHS secured a large portion of the federal funds through the federal A-87 waiver program and receives varying federal fund participation for the rebuilding costs of the other IT systems. The department reports that it has expended the development costs for the platform infrastructure before the waiver deadline. Still, the overall cost estimate for the project has increased since the start of the project and continues to be a concern.
- **Interdependencies** are a high-level risk due to the scope of the project. MD THINK involves multiple agencies replacing legacy IT systems to be integrated into a central platform and data repository. A goal of the program is to keep an updated record of constituents’ information and technical or reporting accuracy issues in one program that would then be consolidated with other systems.
- **Data security and governance** also pose a high-level risk. DHS legacy systems have faced security issues in the past with the most recent fiscal compliance audit for the Office of the Secretary reporting that monitoring controls over the CARES, Child Support, and CHESSIE databases were insufficient to properly protect those databases. While DHS reported already correcting this issue, consolidating human services systems and data across multiple agencies could intensify any data security and privacy issues.

**Due to the risks inherent in a project of this magnitude, the Department of Legislative Services recommends committee narrative requesting that DHS, in partnership with the Department of Information Technology, submit quarterly reports that provide an update on the project’s status.**

**Exhibit 9**  
**Major Information Technology Project**  
**Department of Human Services**  
**Maryland Total Human-services Information NetworK**

<b>Project Status</b>	Implementation.	<b>New/Ongoing Project:</b>	Ongoing.
<b>Project Description:</b>	MD THINK is an integrated shared cloud-based platform. DHS legacy systems will be replaced and integrated with the human services systems of DJS, MHBE, and MDH to eliminate the siloed program-centric environments of the current systems. This modern client-centric integrated platform will provide employees, partner providers, and constituents of Maryland's social services agencies an efficient and effective platform for delivering collaborative services. A web and mobile front end will provide a central place to access any service from any participating agency.		
<b>Project Business Goals:</b>	DHS hopes to accomplish three goals with this project: <ul style="list-style-type: none"> <li>• applications will be optimized to allow case workers to more efficiently and effectively serve the people of Maryland and allow constituents a single point of entry for a streamlined application and eligibility determination process;</li> <li>• DHS and other collaborative agencies will share data as appropriate, reducing redundant caseworker actions and enabling comprehensive analytics to help guide future strategies to more effectively serve the people of Maryland; and</li> <li>• systems will be more adaptable to continually changing requirements, as per statutory, programs, user, and constituent needs.</li> </ul>		
<b>Estimated Total Project Cost:</b>	\$311,467,198	<b>Estimated Planning Project Cost:</b>	n/a.
<b>Project Start Date:</b>	June 15, 2015.	<b>Projected Completion Date:</b>	December 31, 2020.
<b>Schedule Status:</b>	Due to delays in the federal approval process, the MD THINK project began in April 2017. The platform is still expected to be implemented by the A-87 waiver deadline in December 2018 with replacement and integration of human services systems completing in December 2020.		
<b>Cost Status:</b>	The fiscal 2020 estimated total project cost increased \$5.25 million, or 2.07%, more than the fiscal 2018 estimated total project cost.		
<b>Scope Status:</b>	The scope has not changed.		
<b>Project Management Oversight Status:</b>	The fiscal 2020 allowance includes \$250,000 for project oversight and \$450,000 for Independent Verification and Validation.		

<b>Identifiable Risks:</b>	DHS identified no high risks. Medium risks identified by DHS were objectives, funding, resource availability, interdependencies, technical, organizational culture, and implementation. Interdependencies may be high risk because the project relies on buy-in from federal and State partners. Funding and resource availability are also potential high risks due to increasing development cost estimates. Additionally, this project uses the Scaled Agile Framework, a new IT development approach, which is a potential risk.							
<b>Fiscal Year Funding (\$ in Thousands)</b>	<b>Prior Years</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	166,036.1	89,444.5	39,820.3	16,169.4	0.0	0.0	145,431.1	311,467.2
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Funding</b>	<b>\$166,036.1</b>	<b>\$89,441.5</b>	<b>\$39,820.3</b>	<b>\$16,169.4</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$145,431.1</b>	<b>\$311,467.2</b>

DHS: Department of Human Services

DJS: Department of Juvenile Services

IT: information technology

MD THINK: Maryland Total Human Services Information Network

MDH: Maryland Department of Health

MHBE: Maryland Health Benefit Exchange Maryland Department of Health (MDH)

Source: Fiscal 2020 Governor’s Budget Books; Department of Human Services; Department of Legislative Services

## **Automated Financial System**

AFS replacement project will create a system used in LDSS to generate checks and maintain the financial transaction history for vendor payments, including child care and foster care providers. The existing system is written in an outdated language and, as a result, it is difficult to find maintenance and support for the application. Additional information on the project goals and schedule is shown in **Appendix 2**.

DHS completed the planning phase in mid-December 2015 and began the implementation phase in March 2016. The original solicitation for proposals closed on August 31, 2016, but DHS was not able to choose a vendor due to insufficient participation. Vendors indicated that the reason for low participation was restrictive contracting terms. DHS released a new Request for Proposals in December 2016 that made the following changes: removing the minimum requirements for prior experience, including custom-off-the-shelf deployment, and considering past performance of both prime and subcontractors to count toward evaluation. DHS anticipated awarding the contract in March 2018; however, the contract award was pushed back to August 2018 as DHS completed internal agency approval processes, negotiated language changes with the recommended awardee, and sought guidance from the Governor’s Office of Small, Minority, and Women’s Business Affairs and the Board of Public Works (BPW).

DHS received approval from BPW on July 19, 2018, for a three-year base contract and two one-year options with Microsoft Corporation for \$7.4 million. The total estimated project cost is now \$10.3 million, which is a \$3 million decrease from the estimate published in the Governor’s Fiscal 2019 Budget Books, before a vendor was selected and an implementation schedule was determined. The fiscal 2020 allowance includes approximately \$1.56 million for the project (\$1.03 million in general funds in the MITDPF and \$529,877 in federal funds in DHS Administration).

The first phase of the project is completing core system configuration and data migration activities for Baltimore City, Baltimore Central Office, and Washington County. These first three jurisdictions are scheduled to implement the new AFS on February 4, 2019. Following implementation, DHS will review any successes and take corrective actions before implementing the system in the other jurisdictions. **Exhibit 10** shows the roll out schedule for the other jurisdictions. **DHS should describe the planned activities for this IT project in fiscal 2020.**

**Exhibit 10**  
**Automated Financial System Implementation Schedule**  
**Fiscal 2019**

<b><u>Jurisdiction</u></b>	<b><u>Implementation Date</u></b>
Pilot: Baltimore Central, Baltimore City, and Washington County	February 4, 2019
Wave 1: Allegany, Garrett, Montgomery, Prince George’s, and Worcester counties	March 4, 2019
Wave 2: Anne Arundel, Calvert, Carroll, Cecil, Charles, Frederick, Harford, Howard, and St. Mary’s counties	April 1, 2019
Wave 3: Baltimore, Caroline, Dorchester, Kent, Queen Anne’s, Somerset, Talbot, and Wicomico counties	May 1, 2019

Source: Department of Human Services

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## ***Operating Budget Recommended Actions***

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1. Add the following language to the general fund appropriation:

Provided that \$13,160,125 of this appropriation made for the purpose of the Maryland Legal Services Program may be expended only for that purpose. Funds not used for this restricted purpose may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund.

**Explanation:** The language restricts the general fund appropriation of the Maryland Legal Services Program (MLSP) to that purpose and if it is not needed for that purpose requires that the funds revert to the General Fund. During the fiscal 2013 closeout process, the Department of Human Services recorded an unprovided for payable in the MLSP. That was the second consecutive year an unprovided for payable was recorded and the fourth since fiscal 2007. Given the important functions of the MLSP, it remains necessary to ensure that the program is adequately funded. Similar language has been adopted in each of the last five fiscal years.

2. Adopt the following narrative:

**Maryland Total Human-services Information Network (MD THINK) Quarterly Progress Report:** The Department of Human Services (DHS) is undertaking one of the largest Information Technology Projects in the history of the State, MD THINK. DHS should work with the Department of Information Technology (DoIT) to submit quarterly progress reports for the project. The reports should include the status of all applications completed or in progress of being completed, an updated timeline, planned pilot and deployment dates and locations for systems launching in the next quarter, an updated estimate of total project costs and costs for each human service system, performance benchmarks, descriptions of any defects and solutions to defects, outcome measures of consumer usage of deployed systems, and a list of outcomes that will be used to track system performance.

For the period ending June 30, 2019, a report should be submitted by August 15, 2019. For the period ending September 30, 2019, a report should be submitted by November 15, 2019. For the period ending December 30, 2019, a report should be submitted by February 15, 2020. For the period ending March 30, 2020, a report should be submitted by May 15, 2020.

<b>Information Request</b>	<b>Authors</b>	<b>Due Date</b>
MD THINK quarterly progress report	DHS DoIT	August 15, 2019
		November 15, 2019
		February 15, 2020
		May 15, 2020

**Appendix 1**  
**Current and Prior Year Budgets**  
**Department of Human Services – Administration**  
**(\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2018</b>					
Legislative Appropriation	\$96,293	\$4,421	\$138,668	\$0	\$239,382
Deficiency/Withdrawn Appropriation	-615	-10	-422	0	-1,047
Cost Containment	-2,023	0	0	0	-2,023
Budget Amendments	-2,341	-537	504	11,384	9,011
Reversions and Cancellations	-298	-251	-17,278	-3,694	-21,521
<b>Actual Expenditures</b>	<b>\$91,016</b>	<b>\$3,623</b>	<b>\$121,473</b>	<b>\$7,690</b>	<b>\$223,802</b>
<b>Fiscal 2019</b>					
Legislative Appropriation	\$90,639	\$3,913	\$131,966	\$0	\$226,518
Budget Amendments	330	6	229	0	565
<b>Working Appropriation</b>	<b>\$90,969</b>	<b>\$3,919</b>	<b>\$132,195</b>	<b>\$0</b>	<b>\$227,083</b>

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. Numbers may not sum to total due to rounding.

## **Fiscal 2018**

Actual expenditures in fiscal 2018 were \$223.8 million, a net decrease of \$15.6 million from the legislative appropriation.

A withdrawn appropriation in Section 19 of the fiscal 2019 Budget Bill reduced the appropriation by \$615,374 in general funds, \$10,216 in special funds, and \$421,608 in federal funds due to a surplus in the health insurance account. A Board of Public Works cost containment action further reduced the appropriation by \$2 million in general funds: \$1.5 million for contractual services under the Office of Technology for Human Services (OTHS) and \$523,187 originally intended for salaries and fringe benefits.

Budget amendments accounted for a net increase of \$9 million to the appropriation. The general fund appropriation was reduced by \$127,287 to transfer homelessness and supportive services to the Department of Housing and Community Development, in accordance with Chapter 105 of 2017. An amendment reduced the budget by \$71,666 in general funds to realign telecommunications expenditures across agencies. The reimbursable fund appropriation increased by \$11.4 million for the Maryland Total Human-services Information Network (MD THINK) major information technology project.

Two closeout amendments had a net decrease of \$2.2 million as a result of the following actions.

- Under the Office of the Secretary, the closeout amendments included a net increase of \$1.9 million in general funds, \$21,034 in special funds, and \$55,590 in federal funds for salaries and fringe benefits.
- In the Operations Office, the appropriation increased by \$4.4 million in general funds for salaries, fringe benefits, fees for contractual administrative support services, lease costs, and model office improvements. The amendment further increased the budget by \$61,007 in special funds for salaries and fringe benefits.
- The appropriation for OTHS decreased by \$6.8 million in general funds due to reduced activities as part of an application and maintenance contract with Xerox. This reduction was partially offset by an increase of \$153,254 in federal funds for the same contract in lieu of general funds.
- The amendment included a decrease of \$1.6 million in general funds and \$619,067 in special funds and an increase of \$295,410 in federal funds for salaries and fringe benefits under Local General Administration.

The Department of Human Services (DHS) reverted a total of \$297,636 in general funds and canceled a total of \$21.2 million (\$251,134 in special funds, \$17.3 million in federal funds, and \$3.7 million in reimbursable funds). The general fund reversion was due to fewer than expected cases related to Children in Need of Assistance. A majority of the cancellations, \$17.3 million in federal funds, was a result of lower than anticipated medical assistance attainment, Title IV-D, and

Title IV-E funds mainly due to delayed startup expenditures related to MD THINK. DHS canceled \$251,134 in special funds due to less than anticipated expenditures for the Office of Home Energy System and \$3.7 million in reimbursable funds due to delayed startup expenditures related to MD THINK.

## **Fiscal 2019**

To date, the fiscal 2019 budget has increased by \$329,704 in general funds, \$5,592 in special funds, and \$229,211 in federal funds for a 2% general salary increase for State employees, effective January 1, 2019, that was centrally budgeted.

**Appendix 2**  
**Major Information Technology Projects**  
**Department of Human Services**  
**Automated Financial Services**

<b>Project Status</b>	Implementation.			<b>New/Ongoing Project:</b>	Ongoing.			
<b>Project Description:</b>	This project will replace the Department of Human Services’ (DHS) existing Automated Financial System (AFS). The AFS is used by local departments of social services to record financial transactions; set up, print, and track vendor payments (including those for child care and foster care providers); and generate various financial reports. The project will also lower costs of system support and maintenance because the existing system uses an outdated language.							
<b>Project Business Goals:</b>	The new AFS is expected to improve security, performance, and ease of use. It will also eliminate workarounds necessitated by the difficulty of updating the current system and reduce maintenance and support costs. The new system is also expected to consolidate financial information and reduce the time it takes to generate vendor payments. DHS indicates that the new system will also allow for the system to be easier to modify and enhance as State and federal requirements change. This project also supports the goal of the agency to standardize the development environment and allow the agency to centralize hardware, functionality, and data.							
<b>Estimated Total Project Cost:</b>	\$10,308,855			<b>Estimated Planning Project Cost:</b>	n/a.			
<b>Project Start Date:</b>	November 3, 2014.			<b>Projected Completion Date:</b>	2022.			
<b>Schedule Status:</b>	After there was insufficient participation in the first solicitation period, an updated Request for Proposals was published, and DHS received more bids. DHS awarded the contract to Microsoft Corporation in August 2018 following another delay. DHS plans to implement the pilot AFS in Baltimore City, Baltimore Central Office, and Washington County on February 1, 2019.							
<b>Cost Status:</b>	Project costs decreased \$3,007,729 from the prior year estimate.							
<b>Scope Status:</b>	The scope of the project has remained the same since the last reporting period.							
<b>Project Management Oversight Status:</b>	The fiscal 2020 allowance includes \$77,923 for oversight.							
<b>Identifiable Risks:</b>	The only high risk identified by DHS was implementation, which results from data conversion and application integration concerns. Medium risks identified by DHS were technical, organizational culture, and supportability. Additionally, DHS reports that consolidating existing legacy applications may introduce complications.							
<b>Fiscal Year Funding (\$ in Thousands)</b>	<b>Prior Years</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	6,409.2	1,558.5	1,558.5	782.8	0.0	0.0	3,899.7	10,308.9
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Funding</b>	<b>\$6409.2</b>	<b>\$1,558.5</b>	<b>\$1,558.5</b>	<b>\$782.8</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$3,899.7</b>	<b>\$10,308.9</b>

**Appendix 3**  
**Object/Fund Difference Report**  
**Department of Human Services – Administration**

<u>Object/Fund</u>	<u>FY 18 Actual</u>	<u>FY 19 Working Appropriation</u>	<u>FY 20 Allowance</u>	<u>FY 19 - FY 20 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	817.73	799.23	802.23	3.00	0.4%
02 Contractual	35.88	3.33	3.33	0.00	0%
<b>Total Positions</b>	<b>853.61</b>	<b>802.56</b>	<b>805.56</b>	<b>3.00</b>	<b>0.4%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 73,707,983	\$ 70,146,369	\$ 70,930,769	\$ 784,400	1.1%
02 Technical and Spec. Fees	2,295,172	550,998	519,729	-31,269	-5.7%
03 Communication	7,308,851	7,978,907	6,717,521	-1,261,386	-15.8%
04 Travel	338,473	270,881	286,386	15,505	5.7%
06 Fuel and Utilities	536,869	455,731	549,027	93,296	20.5%
07 Motor Vehicles	349,869	372,252	390,761	18,509	5.0%
08 Contractual Services	113,320,035	116,846,318	123,595,132	6,748,814	5.8%
09 Supplies and Materials	1,192,894	987,977	1,032,994	45,017	4.6%
10 Equipment – Replacement	1,450,495	1,700,595	1,700,595	0	0%
11 Equipment – Additional	13,209,354	10,613,820	10,548,256	-65,564	-0.6%
12 Grants, Subsidies, and Contributions	62,036	6,416,274	4,746,774	-1,669,500	-26.0%
13 Fixed Charges	10,029,770	10,742,801	11,069,886	327,085	3.0%
<b>Total Objects</b>	<b>\$ 223,801,801</b>	<b>\$ 227,082,923</b>	<b>\$ 232,087,830</b>	<b>\$ 5,004,907</b>	<b>2.2%</b>
<b>Funds</b>					
01 General Fund	\$ 91,015,886	\$ 90,969,155	\$ 90,346,224	-\$ 622,931	-0.7%
03 Special Fund	3,622,545	3,918,785	3,798,386	-120,399	-3.1%
05 Federal Fund	121,472,925	132,194,983	137,943,220	5,748,237	4.3%
09 Reimbursable Fund	7,690,445	0	0	0	0.0%
<b>Total Funds</b>	<b>\$ 223,801,801</b>	<b>\$ 227,082,923</b>	<b>\$ 232,087,830</b>	<b>\$ 5,004,907</b>	<b>2.2%</b>

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.

**Appendix 4**  
**Fiscal Summary**  
**Department of Human Services – Administration**

<u>Program/Unit</u>	<u>FY 18 Actual</u>	<u>FY 19 Wrk Approp</u>	<u>FY 20 Allowance</u>	<u>Change</u>	<u>FY 19 - FY 20 % Change</u>
01 Office of the Secretary	\$ 16,485,381	\$ 14,735,307	\$ 14,789,961	\$ 54,654	0.4%
02 Citizen's Review Board for Children	638,579	816,974	773,535	-43,439	-5.3%
03 Commissions	222,454	136,148	137,356	1,208	0.9%
04 Legal Services Program Management	12,733,187	13,168,425	13,160,125	-8,300	-0.1%
01 Division of Budget, Finance, and Personnel	20,441,304	19,058,415	22,107,013	3,048,598	16.0%
02 Division of Administrative Services	11,667,557	9,713,273	9,837,959	124,686	1.3%
02 Major Information Technology Development	58,766,168	64,471,395	69,523,328	5,051,933	7.8%
04 General Administration	60,976,780	62,470,752	58,622,109	-3,848,643	-6.2%
05 General Administration	41,870,391	42,512,234	43,136,444	624,210	1.5%
<b>Total Expenditures</b>	<b>\$ 223,801,801</b>	<b>\$ 227,082,923</b>	<b>\$ 232,087,830</b>	<b>\$ 5,004,907</b>	<b>2.2%</b>
General Fund	\$ 91,015,886	\$ 90,969,155	\$ 90,346,224	-\$ 622,931	-0.7%
Special Fund	3,622,545	3,918,785	3,798,386	-120,399	-3.1%
Federal Fund	121,472,925	132,194,983	137,943,220	5,748,237	4.3%
<b>Total Appropriations</b>	<b>\$ 216,111,356</b>	<b>\$ 227,082,923</b>	<b>\$ 232,087,830</b>	<b>\$ 5,004,907</b>	<b>2.2%</b>
Reimbursable Fund	\$ 7,690,445	\$ 0	\$ 0	\$ 0	0.0%
<b>Total Funds</b>	<b>\$ 223,801,801</b>	<b>\$ 227,082,923</b>	<b>\$ 232,087,830</b>	<b>\$ 5,004,907</b>	<b>2.2%</b>

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.